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MANAGEMENT EXCELLENCE PROGRESS REPORT: RECOMMENDATION ON THE ROLES OF COUNTRY, REGIONAL AND HEADQUARTERS OFFICES AND RESPONSIBILITY FOR MANAGING RELATIONS WITH NATIONAL COMMITTEES

SUMMARY

The present report updates progress made in the follow-up to the management review exercise, as requested by the Executive Board at its third regular session in September 1995 (E/ICEF/1995/9/Rev.1, decision 1995/25), and taking into account comments made by delegations at the 1996 annual Board session.

Following a brief introduction, chapter I describes recent progress in UNICEF organizational reform in the following areas: strengthening accountability; streamlining of headquarters; strengthening operations systems; improving human resources management; and strengthening collaboration with United Nations agencies. Chapter II provides background information for policy discussions on (a) the roles for country, regional and headquarters offices, including an indicative outline of proposed changes in their roles and responsibilities in relation to country programme preparation, implementation and monitoring, and evaluation; and (b) managing relations with National Committees for UNICEF. A draft recommendation for Executive Board approval is contained in chapter III. The annex contains an updated matrix on follow-up action taken to date in response to the Booz•Allen & Hamilton study.

* E/ICEF/1996/18.

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INTRODUCTION

1. The present report describes recent progress in UNICEF organizational reform; provides background information for Executive Board discussions on the roles of UNICEF country, regional and headquarters offices; and proposes new arrangements for managing relations with National Committees for UNICEF. The report explains how proposed changes will modify current practices and uses the example of the country programme process to illustrate how proposed changes in the role of country, regional and headquarters locations will clarify accountability, improve efficiency and strengthen coordination both within UNICEF and with its external partners.

2. The Executive Board discussion and decisions on these proposals at the present session will serve as the basis for preparing the budget proposals that the secretariat will submit to the Executive Board, through the Advisory Committee on Administrative and Budgetary Questions, at the first regular session of 1997 and, as required, at the third regular session of 1997.

3. The updated matrix on follow-up action taken to date in response to the Booz•Allen & Hamilton (BAH) study is contained in the annex to the present report.

I. RECENT PROGRESS IN UNICEF ORGANIZATIONAL REFORM

4. Within the framework of the organization's first Mission Statement and the Guiding Principles for Staff Commitment and Conduct, proposals for improving the efficiency and effectiveness of UNICEF are taking shape. Meanwhile, in several areas, reforms are already improving accountability, cost-effectiveness, operations systems, human resources management and collaboration with other United Nations agencies. Some of the early results are outlined below.

A. Strengthening accountability

5. Reforms to strengthen accountability include the following:

(a) The creation of office, regional and global management teams as mechanisms to integrate the work of various locations and functional units of the organization and to enhance the management of country and regional diversities based on a global framework. Management teams are to advise on future strategies, setting of priorities, policy issues and major issues related to human and financial resources;

(b) The identification of the Geneva office as the focal point for managing relations with National Committees;

(c) Country representatives will report to regional directors to increase accountability and oversight, as well as to establish a more manageable and realistic span of supervision; and regional directors will report to the Executive Director. Two Deputy Executive Directors will support the Executive Director in fulfilling the functions of the Executive Office. In addition, the Deputy Executive Directors will have oversight for division directors at

headquarters, who will retain full accountability for their line management functions;

(d) Responsibility for the clearance of country programme recommendations (CPRs) for submission to the Executive Board will be transferred from headquarters to regions. This will shorten the country programme planning process, unifying the responsibility, authority and accountability for the process which is now dispersed between country offices, regional offices and headquarters;

(e) The creation of a quality assurance function to be mainstreamed throughout the organization and the establishment of a team to identify priorities for establishing standards, learn from external practices and develop a work plan for action, including mechanisms to monitor and assess their application.

B. Streamlining of headquarters

6. Several headquarters units have been consolidated to provide for greater efficiency and effectiveness. These include:

(a) Consolidation of information functions such as Programme Publications and Facts for Life within the Division of Information, now known as the Communication Division;

(b) Consolidation of responsibility for relations with global intergovernmental organizations within the Office of United Nations Affairs;

(c) Consolidation of functions responsible for global relations with non-governmental organizations (NGOs) within the Programme Division;

(d) Consolidation of the Office of Administrative Management within the Division of Finance and Administration;

(e) Consolidation of the Programme Statistics Office within the Division of Finance and Administration.

7. To date, there has been a reduction of 27 posts at headquarters and a cut of $18.9 million in headquarters and regional office budgets, which enabled the organization to invest in developing the new Programme Manager System (PROMS), the United Nations Integrated Management Information System (UNIMIS) human resources module and the creation of the new office for Central and Eastern Europe, the Commonwealth of Independent States and the Baltic States region, including the allocation of programme resources for these countries. The integration of the offices of Evaluation, Policy and Planning has resulted in a savings of $800,000 for 1996/1997.

C. Strengthening operations systems

8. Follow-up actions have already been taken to implement BAH recommendations on strengthening operations systems. For example, BAH recommended that UNICEF eliminate the existence of double budgets (administrative and programme budgets)

as it clouded transparency and added to costs by requiring parallel processes and duplication of workload. The integration of global funds, programme and administrative budgets in regional offices and headquarters was implemented successfully in April 1996 through the submission of an integrated budget for regional offices and headquarters (E/ICEF/1996/AB/L.5 and Corr.1) at the second regular session of the Executive Board. The integration of administrative and programme budgets of country offices is under way, and CPRs being submitted to the Executive Board in 1997 will include the integrated budget for country offices using the agreed format.

9. The BAH recommendation that programme budget management functions being carried out by the Programme Statistics Section of the Programme Division be transferred to the Division of Financial Management was implemented in May 1996. Programme Statistics Section functions which have been transferred include: responsibility for budget information in CPRs; preparation of biennium budget documents; budget authorization; programme budget control and monitoring; and programme budget system, procedures and training on the budget process.

10. The BAH study found that field offices relied on New York for financial information and recommended that systems be put in place for country offices to obtain data on budgets and expenditures locally in order to reduce processing delays and lead to more informed decision-making. BAH recommended that this be done in conjunction with the upgrading of management information systems both in field offices and at headquarters. Follow-up action taken to date has focused on the integrated development of new systems for information, finance and supply management functions. Attention has been paid to the development of a new integrated management information system, PROMS. PROMS will be linked to both the new central financial system and the global supply database to provide the basis for organizational monitoring on the use of resources and programme implementation. PROMS will be launched in several offices by the end of 1996 and installed in a majority of UNICEF offices by the end of 1997. The new financial system will receive financial data from field offices through PROMS. It is being designed to improve, simplify and streamline basic business processes; support integrated budgets and provide greater transparency in financial reporting; identify clear accountabilities for financial management; and provide up-to-date information for management decisions throughout UNICEF.

11. An integrated review of the results of the external consultancies on financial management, information and supply systems will receive priority attention at the first meeting of the Global Management Team (GMT), to be held following the present Executive Board session. Results of this review will then be presented to the Executive Board for consultation and guidance. In the meantime, steps have been taken to make more strategic use of information as a product of UNICEF through the introduction of information management and information technology functions. A governance process for prioritizing information technology projects and services has been put in place to focus limited resources on achieving maximum gains, as recommended in the BAH study. The Supply Division at Copenhagen is actively taking steps to strengthen its role to provide expertise to field offices on specification development, manufacturing, costing and standards for quality assurance. Work is also currently being done to increase the access of field offices to information on global purchasing options and value for money.

12. Office improvement plans are being developed in several country offices to enhance operations. These plans focus on the redesign of work processes to increase cost-effectiveness and value for money in UNICEF transactions and to improve human resources management. Results are already visible in UNICEF offices in Brazil, Ecuador, Guinea, Indonesia, Mexico, Morocco, Tunisia, Uganda, Viet Nam and Zaire.

D. Improving human resources management

13. To date, work process redesign activities to improve human resources management in UNICEF have produced the following results:

(a) Accelerated handling of entitlement, recruitment, placement and separation processes;

(b) Experimentation with new types of appraisals such as the 360 degree assessment, team assessment and self-assessment;

(c) The introduction of new approaches to address problems of poor performance of some staff through more careful performance appraisal processes and, in appropriate cases, separation schemes;

(d) The revised Personnel Administration Manual has now been completed to ensure that field offices have access to up-to-date personnel regulations and processes.

14. In addition, one of the benefits of the new integrated budget procedure is that UNICEF has a mechanism for the careful review of posts during country programme preparation and adjustments following mid-term reviews.

E. Strengthening collaboration with United Nations agencies

15. Recent efforts to strengthen collaboration with United Nations agencies include:

(a) Harmonization of budget methodologies and presentations to the respective Executive Boards of the United Nations Development Programme, the United Nations Population Fund and UNICEF, which will be implemented by January 1998;

(b) UNICEF implementation of the UNIMIS human resources module by June 1997;

(c) UNICEF chairing the United Nations AIDS Committee of Co-sponsoring Organizations during the first half of 1996;

(d) UNICEF assuming the chair of the Joint Consultative Group on Policy Sub-committee on Personnel Issues;

(e) The sharing of United Nations premises by 27 UNICEF field offices;

(f) The establishment of the Office for Common Premises Management, with the full involvement of UNICEF.

16. In October 1995, 27 countries had harmonized programme cycles, 45 are expected to do so by 1999, 24 more were identified as possible and 8 special cases were identified as unlikely.

II. BACKGROUND INFORMATION FOR POLICY DISCUSSIONS

A. Roles for country, regional and headquarters offices

Background

17. As pointed out in previous progress reports, the BAH study (a) recognized the traditional strength of UNICEF in its decentralized structure with the country programme at its core, but pointed out that field operations are widely perceived to lack transparency and accountability; (b) expressed concerns about the definition of global goals at headquarters reflecting insensitivity to country realities; (c) indicated that headquarters and regional office support during the country programming process have been limited and uneven, and have often focused on the end product, i.e., the CPR; (d) noted that uncoordinated, and sometimes contradictory, signals are given from different units of headquarters to field offices, with little understanding of field realities; (e) recognized that accountability of representatives is diffused, with no singular point of accountability identified within the system; (f) observed that evaluations of programmes are conducted by the country office teams or external evaluators hired by them; and (g) noted that the quality of evaluations suffers due to a lack of objectivity.

18. To strengthen the decentralization of UNICEF and to overcome the problems of accountability and transparency, the BAH study recommended a clarification of roles and functions of country, regional and headquarters offices and proposed a coordinated approach to programme and management support to country offices, with a more clearly defined role for regional offices and regional directors as team leaders, counsellors and quality controllers in the field.

19. In response to those observations, the Phase I Project Team on the Structure of Accountability analysed existing structures, roles and functions, and made recommendations to the Management Excellence Programme (MEP) Steering Committee on a macro-structure for UNICEF. The recommendations were further elaborated by the Transition Team, especially in terms of their potential for improving oversight and accountability, ensuring decentralization, clarifying the role of headquarters and regional offices, and fostering teamwork as a strategy for greater participation and effectiveness.

Centrality of the country programme

20. As reported in the June 1996 progress report on MEP (E/ICEF/1996/AB/L.9), the Steering Committee, at its meetings in April, reviewed the project teams' proposals on structure, supporting the concept of the centrality of the country programme and a decentralized structure with clearly defined roles for headquarters and regional offices that would add value and not duplicate the front-line work of the country office.

Regional role

21. The Steering Committee recognized the role of regional offices and regional management teams (RMTs) in defining regional priorities, adapting global goals to country and regional realities, and monitoring the performance of country offices. It also identified the role of RMTs to support the development of country programmes and ensure the regional perspective in the global processes of policy development and strategic planning. It clarified the role of regional directors as leaders of RMTs, with increased responsibility for oversight and accountability for the performance of country offices, as supervisors of country representatives and, in collaboration with RMTs, responsible for clearing country notes and CPRs for submission to the Board.

Headquarters role

22. The Steering Committee clarified the role of headquarters to provide overall guidance that reflects linkages to the United Nations system and the policy guidance of the Executive Board, with responsibility for managing the strategic planning process for the organization, including the allocation of financial resources, human resources planning and oversight of the UNICEF system as a whole. Headquarters should also provide leadership in developing the global UNICEF perspective by integrating the experience and contribution of all parts of the UNICEF system and by ensuring that the global perspective informs planning, policy development and guidelines for management and quality assurance. The Steering Committee also agreed that the programme functions carried out in New York should focus on setting standards, providing leadership and state-of-the-art knowledge on main areas of UNICEF work, guiding programme policy formulation and strategies, and disseminating best practices and lessons learned from both within UNICEF and external sources.

23. At its June meeting following the annual Executive Board session, the Steering Committee requested a small team, including two regional directors and senior staff from country offices and headquarters, to examine key aspects of the country programme process, including oversight and monitoring, clearly defining the roles and functions of country offices and the roles, functions and value added of regions and headquarters. In that exercise, it was felt that the country programme process would best exemplify the issues and opportunities for redefining - and thereby strengthening - the links and interrelationships within the system as a whole. This analysis of the country programme process forms the basis for the proposed changes as indicated in the matrix below. The proposed changes reinforce the centrality of the country programme and outline redefined roles, responsibilities and accountabilities for country offices, regional offices and headquarters, using the existing organizational structure more effectively, rather than creating a new hierarchial structure for field management, as recommended by the BAH study.

Proposed changes to the country programme process

24. The basic premise is that the proposed changes in the country programme process will need to be phased over several years as capacities are strengthened and systems improved. Regional variations will also impact on the phasing of implementation. In addition, there are five major assumptions underlying the

proposed changes in roles and responsibilities: (a) there will be new systems for finance, supply functions, and improved information technology and management of information resources; (b) the accountability levels of country representatives will be clearer and authority levels will be commensurate; there will be no significant overlap with the authorities of regional directors and headquarters; (c) the establishment of office management teams at all locations; RMTs and the GMT will mobilize new combinations of staff talent to support the country programme and introduce, for all parties, more accountability for consultation; (d) the most cost-effective field support function for country programmes will be from within each region through the regional office and RMT; the regional director will provide closer supervision of the representative and serve as a single source of clearance of CPRs; and (e) headquarters will serve as a knowledge centre, providing creative leadership on strategic programme planning and improving the quality of technical and procedural guidelines, standards, indicators and best programme practices in monitoring and evaluation.

25. A brief comparison of current practices and proposed changes with respect to three programme functions - country programme preparation, country programme management and monitoring, and programme evaluation - illustrates how the changes in roles and responsibilities would add value.

Country programme preparation

26. The current process for country programme preparation requires representatives to seek numerous clearances and approvals from headquarters, with regional offices joining in various consultations, e.g. on programme strategy formulation. With the introduction of the integrated budget and a mandatory country programme management plan (CPMP), the country programme preparation process now requires a more rigorous and coordinated approach to programme planning, staffing and budgeting.

27. The proposed changes suggest that representatives should be accountable, with commensurate authority, to work out agreements with Government on the scope, type and cycle of the country programme; the work plan for its preparation; the scope of involvement of other other partners, for example, United Nations agencies, bilateral agencies and NGOs; and the preparation of the country strategy, master plan of operations, integrated budget, CPMP and CPR. Regional directors would monitor the programme preparation process, identify the support requirements of country offices and lead the RMT in the activities to support and clear country programme strategies, country notes, CPRs and CPMPs. Headquarters would establish the general resources allocation, criteria for supplementary funding, best practices with respect to programme strategies and programme plans, guidelines for the preparation of strategy and technical components of programmes, CPMPs, integrated budget and monitoring overall performance to ensure adherence to quality standards. Issues for further study would include the extent to which the authority of regional directors could include clearance of the integrated budget.

Programme management and monitoring

28. In the current practices of programme management and monitoring, the representative is also responsible for management of all types of UNICEF assistance to the country. The representative seeks approvals or clearances from various units at headquarters for the annual programme/project plans and budgets, several aspects of staff deployment, most supply requisition activities, project proposals for already approved supplementary funding, reports to donors on supplementary-funded activities, proposals for Executive Board approval of "stand-alone" supplementary-funding activities, and results of the annual programme review with Government and the annual report. This process sometimes results in conflicting instructions.

29. The proposed changes would ensure that the authority of representatives is in line with their current responsibilities and that they would be fully accountable for those decisions that fall within the defined scope of their authority. In managing country offices, representatives would be required to (a) develop open and participatory processes that engender individual staff accountability based on the Principles for Staff Commitment and Conduct; and (b) develop and lead country management teams (CMTs) that contribute to quality decision-making and a shared sense of responsibility in offices for office performance. The RMT would advise regional directors on issues related to monitoring country programme performance in each region and to the promotion of best practices. This change would enable headquarters to concentrate on improvement of global monitoring systems for country use, further development of PROMS, management of the new central financial system, introduction of standards and best management practices and training of staff, and global monitoring of programme implementation and expenditure trends.

Programme evaluation

30. The current practice in programme evaluation is that the representative is responsible for scheduling, organizing and using the results of country-level evaluations to improve the country programme.

31. The proposed changes focus on improving the ability of the country office to meet the standards of the current guidelines so that the organization can aspire to and achieve even higher levels of competency in programme evaluation, within the framework of the inter-agency "Guidelines for Monitoring, Review and Evaluation of Operational Activities". Changes will also include the increased accountability of the CMT for integrating evaluation into the country programme, enriching knowledge on child rights issues and programme strategies, and developing national capacities for quality assurance. The regional director will monitor and advise the representative to assure progressive improvements, e.g. in the quality of mid-term reviews, and the regional office and RMT will provide technical resources. Headquarters and regions will use country evaluations to expand the organization's acquisition and dissemination of relevant knowledge on children and programmes, initiate quality assurance audits and incorporate valid findings into strategic planning functions. Headquarters and regions will assist field offices to refine standards, and identify best practices and ways to upgrade the management of activities in country programmes.

Added value to country programmes

32. The changes in the roles of headquarters, regional offices and country offices in relation to the three major programme functions presented here will strengthen the coherence of the UNICEF system by clarifying the parameters of authority of the various parts of the UNICEF system, thereby providing effective support to country offices. The new processes for participatory management within and across regions will maximize heretofore largely untapped staff talent throughout organization for country programme support. Various work processes in country, regional and headquarters offices will be streamlined, simplified or eliminated, thus leading to greater efficiency. Regional directors will serve as appropriately focused sources of supervision for representatives to ensure proper accountability. In addition, regional directors will contribute to the deliberations of the GMT by bringing regional perspectives to policy development. Headquarters and the GMT will focus on oversight and supervision of the UNICEF system as a whole, and the New York Programme Group will be able to devote the appropriate resources to supporting country offices through the development of high quality programme guidelines, more appropriate and useful standards based on examples of best programming practices, and more consistent global monitoring of various aspects of quality assurance in country programmes.

33. The following matrix provides an indicative outline of the proposed changes in the roles and responsibilities of country, regional and headquarters offices in relation to country programme preparation, implementation and monitoring, and evaluation.

B. Managing relations with National Committees

Background

34. In undertaking their assignment, the project team on National Committees combined desk research with a global consultation process involving recognized authorities on child issues to identify a number of fundamental principles for an effective, responsive and efficient UNICEF of the twenty-first century. In this process the team examined the following questions: what will the world expect of UNICEF in the next 15-20 years?; what changes are necessary in the relationship between National Committees and UNICEF to enable National Committees to become optimally effective?; what is the resource mobilization potential and how can it best be realized?; and what type of UNICEF presence is most appropriate in any given country?.

35. Those questions and their implications for UNICEF and for National Committees were discussed with the National Committees through a series of consultations. The team's progress reports were shared as work progressed, and the final recommendations were presented and discussed at the Annual Meeting of National Committees (20-24 May 1996). The main thrust of the team's findings were also presented at the Executive Board sessions in February and June and discussed at inter-sessional meetings in May and September 1996.

36. The consensus emerging from the discussions referred to above forms the basis for the proposals contained in the present document on the principles to guide relations between UNICEF and the National Committees for UNICEF and the structure and accountabilities to support this.

TASK	CURRENT PRACTICE	FUTURE PRACTICE	BENEFITS TO UNICEF
Country Programme Preparation			
1. Decision on scope, type and cycle of country programme and work plan.	Country representative, in consultation with Government, receives New York approval after consultation with regional director.	Representative proposes and regional director clears for scope, type and cycle of country programme. Representative prepares work plan and implements.	**Country** • Representative empowered to respond more effectively and creatively to country needs and priorities. • Promotes improved accountability, transparency and quality assurance.
2. Formulation of country programme strategy preparation of country note, programme and project budgets, and CPMP.	Representative consults with regional office. New York reviews and approves.	Representative and CMT undertake preparation. Support and review by RMT and clearance by regional director. HQ Programme Group will document and assess country and regional/subregional experiences with respect to standards and content.	• Reduced costs for programming processes, thereby making more resources available for implementation. • Increased efficiency and effectiveness through simplified procedures and a CMT process.
Programme Implementation and Monitoring			
3. Preparation of programme plans of action and proposals for supplementary funding.	Representative prepares proposals, HQ clears for implementation.	Regional director to clear changes in programme and budget that exceed representative's authority. HQ to focus on improving systems to support monitoring and use of information for decision-making.	• More effective, objective knowledge acquisition and improved knowledge base for advocacy and programme strategies. • Acceleration of development of capacities of Government and other partners.
4. Requisitioning of programme budget for cash assistance, supplies and equipment, technical assistance and advocacy support.	Representative is authorized to execute these functions in varying degrees and limits, with approvals/clearances from various HQ units.	Programme budget is brought under the representative's authority. Regional director provides oversight and RMT monitors country office performance, through indicators. HQ sets management and quality assurance standards, technical information and guidelines.	**Regional** • Reflection of regional/subregional perspectives in country programmes. • High value, consistent (even) effective use of regional resources and technical support for country programmes.
5. Establishment of monitoring system for programme and project implementation at country level.	Representative, in coordination with Government and NGO partners, establishes current monitoring practices. Periodic reviews of country programme implementation and expenditures carried out at country and New York levels.	HQ establishes improved financial, programme management and monitoring systems. NYMT, RMT and CMT upgrade staff capacities to utilize systems. Regional office and RMT support, share and promote best practices. RMT adapts global standards and guidelines. Representatives and CMT implement systems.	• Establishment of single stage oversight and clearance by regional director. • Strengthened regional office knowledge base on programmes and advocacy. • Improved consultation process and resource-sharing by RMT throughout the region and regional director team leader. • Brings country and regional perspective to global policy development.

TASK	CURRENT PRACTICE	FUTURE PRACTICE	BENEFITS TO UNICEF
PROGRAMME EVALUATION			
6. Scheduling and organization of programme and project evaluations and use of findings for programme improvement.	Although evaluation guidelines exist, they are not uniformly and consistently employed in a planned manner.	The representative will integrate a plan for evaluation into the CPMP. CMT accountable for obtaining the necessary technical and professional expertise. Information and analysis feeds into UNICEF knowledge base of RMT and HQ. CMT develops capacities of local counterparts/institutions. Regional office and RMT provide regional technical resources. HQ draws on evaluation results for formulation of policy and strategic planning. Regional director will monitor and verify the country programme evaluation process. HQ disseminates evaluation knowledge on ways to improve country programme quality within the framework of JCGP group "Guidelines for Monitoring, Review and Evaluation of Operational Activities".	**New York** • Strong sustainable focus on quality assurance, knowledge acquisition for policy development, and strategic programme and organizational planning for country programmes. • More selective and relevant use of New York resources to support country and regional advocacy and programming. • Reduced costs of New York support to operational aspects of coordination with country programmes. • Increased competencies in analysing and disseminating best practices and cost-effective and value-for-money approaches to country programmes. • Higher quality standards and guidance for programme and management.

CMT = country management team
CPMP = country programme management plan
HQ = headquarters
JCGP = Joint Consultative Group on Policy
NGO = non-governmental organization
NYMT = New York Management Team
RMT = regional management team

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Principles to guide relations between UNICEF and National Committees for UNICEF

37. The first principle relates to the relationship of National Committees to UNICEF. The consultation process has confirmed that National Committees wish a closer relationship with UNICEF, within the current status as independent national NGOs formed in accordance with the laws of their countries and fully responsible to their own Executive Boards. Their relationship vis-à-vis UNICEF should continue to be governed by the terms and conditions outlined in the Recognition Agreement. For the purpose of accountability, in terms of compliance with the Recognition Agreement, UNICEF will relate to the Executive Boards of the Committees through their chairpersons. Thus, National Committees will continue to represent UNICEF in their countries within the parameters of the Recognition Agreement. A National Committee for UNICEF will not be established in a country where there is a UNICEF office and a country programme approved by the Executive Board.

38. When country conditions are such that operational programmes of cooperation are deemed necessary, UNICEF will work through a UNICEF office, not through a National Committee. In some countries where a UNICEF country programme has been approved by the Executive Board, there may be the potential for significant local fund-raising. Where this is the case, the UNICEF office could raise funds to cover the cost of the approved country programme and for all or a major part of the administrative costs for that office. Such UNICEF offices will be referred to as UNICEF self-financed offices.

39. The second principle relates to decentralization. There is general agreement that services and consultation closer to National Committees is desirable and, for this reason, there is a strong suggestion that all National Committees should relate to the UNICEF Geneva office as the one point of oversight and management of the relationship with National Committees. This would not preclude that in the future some National Committees outside Europe might wish to relate to the UNICEF regional office within their own regional framework. For the time being, however, with 31 National Committees out of a total of 38 in Europe, the principle of subsidiarity would appear to be best served by placing the one point oversight in the UNICEF Geneva office. The Committees, of course, also will continue to be in contact with other parts of the UNICEF system, as required, to ensure high performance.

40. The third principle which was agreed upon is the importance of accountability. Ultimately UNICEF is judged by its results for children, and in the process of achieving those results, high standards of performance must be visible in all actions undertaken in the name of UNICEF by UNICEF staff, National Committee staff or volunteers.

41. To measure performance, however, key performance indicators (KPIs) must be developed jointly by National Committees and UNICEF as an objective basis for assessing performance. Standards and KPIs need to be seen within the context of a strategic plan developed by the National Committee and approved by the National Committees' own Executive Boards. National Committees will consult with the UNICEF Geneva office in the process of developing their strategic plans. National Committees are accountable for assessing their own performance

against the agreed upon standards and KPIs, and for taking action whenever performance falls below set standards.

42. The performance of National Committees will be assessed on an annual basis by the UNICEF Geneva office in accordance with the agreed upon KPIs and standards. The UNICEF Geneva office will be accountable for taking appropriate action when performance of National Committees is assessed as below the agreed standards, or when the terms and conditions of the Recognition Agreement are not complied with.

43. It is proposed that National Committees continue to be audited by independent auditing firms, but within a common framework that permits comparative analysis between Committees. This framework is to be developed jointly by UNICEF and National Committee representatives, under the leadership of the UNICEF Geneva office.

44. A fourth principle relates to the development of a closer relationship without prejudicing the autonomy of the National Committees. As UNICEF itself moves towards the team-based approach as a key strategy for managing people and accomplishing tasks in the future, it is expected that UNICEF and National Committees will develop opportunities to engage their respective personnel in joint efforts when issues of mutual concern are to be addressed. National Committees will continue to maintain and develop their existing consultation mechanisms, such as the Standing Group and the Annual Meeting, for greater effectiveness and coordination.

45. In recommending that the continued relationship between UNICEF and National Committees be based on the above principles, the secretariat believes that it is possible to enhance the effectiveness of National Committees in the cause of children and to overcome current weaknesses in the management of the relationship. The changes proposed have very limited structural implications, but will significantly modify the way work gets done. They suggest changes in the behaviour and work processes of both National Committees and UNICEF, and a strengthened joint commitment to high standards of performance for the benefit of children.

46. The application of the principles outlined above will directly address the following key issues raised in the BAH report:

> "A more proactive means of managing National Committees would strengthen UNICEF's control over its communication. (P.IX-21). UNICEF needs an unbiased "External Relations" supervisory function over National Committees: ensure adequate attention to both information and fundraising concerns; free up time within GCO [Greeting Card and related Operations] to focus on the core and business. UNICEF would provide more direction to the National Committees without undermining autonomy. (IX-24)."

47. UNICEF believes that the functions outlined above need to be performed through a one point oversight as suggested, but that a less centralized approach is more in keeping with future needs of both National Committees and UNICEF as a whole. For this reason, the UNICEF secretariat endorses the emerging consensus

that the accountability for oversight should be performed from the UNICEF Geneva office.

48. The BAH report also makes extensive comments on issues relating to fund-raising. The UNICEF external consultancy on profitability of greeting card and product sales will develop additional recommendations that will need to be considered at a later stage.

III. DRAFT RECOMMENDATION

49. The Executive Director recommends that the Executive Board adopt the following draft recommendation:

The Executive Board,

Having reviewed the "Management excellence progress report: recommendation on the roles of country, regional and headquarters offices and responsibility for managing relations with National Committees" (E/ICEF/1996/AB/L.13),

Endorses:

(a) The proposed direction of changes in the roles of country, regional and headquarters offices as presented in the report;

(b) The future roles of National Committees for UNICEF, the UNICEF-wide integrated strategy to manage these relations in partnership and the required structure and accountabilities.

Annex

FOLLOW-UP ACTION IN RESPONSE TO THE BOOZ• ALLEN & HAMILTON STUDY

BAH RECOMMENDATIONS	FOLLOW-UP ACTION TO DATE
Mission and emergencies	
Reconsider overall mission, and emergencies in the context of mission, as demanded by pressures of United Nations reform and increasing level of emergency situations.	• UNICEF Mission Statement approved by Executive Board at January 1996 session.
Clearly define nature of the role of UNICEF in emergencies -options include selecting a particular functional role or using a spending cap over a period of years.	• Paper outlining UNICEF's mission and strategies in emergencies presented at January 1996 Executive Board session. Subsequent paper on the conceptual framework for UNICEF emergency interventions presented to June 1996 Board, to be followed by paper to January 1997 Board covering UNICEF's emergency niche, comparative advantage, view of coordination and other operational issues, including the balance between long-term development and emergency assistance. Memorandum of Understanding (MOU) signed with UNHCR and other MOUs under negotiation with WFP and WHO.
Improve operational effectiveness in emergencies through increased preparedness, more proactive staff deployment, increased support of countries and increased cost-effectiveness.	• Preparedness activities include development of readiness planning formats (piloted in Eastern and Southern Africa Region (ESAR)); early warning and vulnerability analyses (ESAR and West and Central Africa Region); ongoing development of preparedness guidelines for security, communications and country programming. • NY-based Operations Centre established to ensure coordinated HQ communications with emergency country field offices. • Review of operations procedures (administration, finance, personnel, supply) initiated to increase operational efficiency and cost-effectiveness in emergencies. • Clearer profile and competencies being identified for operations function and working in emergencies. Rapid deployment teams established and trained for use in emergencies -members have already been deployed on a number of occasions. Stand-by materiel warehoused in Copenhagen. Stand-by agreements with operational partner organizations being signed. • Work processes being redesigned for issuance of funds in emergency settings and the programme advance structure to increase flexibility while maintaining accountability.
Financial systems	
Build "transparency" into the UNICEF value system; a standard for staff performance - not only "Is it right?", but also "Is it clear? Can it be understood? Can it be readily demonstrated?".	• Quality assurance system to be mainstreamed throughout UNICEF. Flexible team being established to advise on how to make quality assurance an integral part of every office's functions, identify priorities for establishing standards, look at best practices externally, and prepare a road map for action. Standards to be established not only for results for children, but also to work processes and behaviours.
Build transparency and accountability into process design and organization change criteria, e.g. the division of accounting responsibilities, responsibility for cash balances, etc.	• Financial Management Systems study to provide recommendations on clear accountabilities for financial management functions and actions, including an integrated financial system for use organization-wide.

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Annex (continued)

BAH RECOMMENDATIONS	FOLLOW-UP ACTION TO DATE
Financial systems (continued)	
Eliminate double budgeting; integrate programme and administrative budgets for country offices; develop a more analytical budgeting process.	* Follow up currently under way as part of integrated budget proposals An integrated budget was prepared for headquarters and regional offices, and steps have been taken to review country programme recommendations (CPRs) going to the 1997 Executive Board in an integrated budget format. This means that in addition to the levels of programme assistance proposed, the complementary structures of programme support, management and administration are being examined and planned as a constituent part of the country programme. This is the first time that a link is being formally established between the country programme budget and the administrative and programme support budgets for the full period of the country programme cycle. Further in-house discussions are taking place on the refinement of the process, and informal consultations will be held with Executive Board members later this year.
Improve transparency in process for presenting multiple budgets to the Executive Board.	* Harmonization of budget methodologies and presentations to respective Executive Boards by UNDP, UNICEF UNFPA to be implemented by January 1996.
Implement improvements in global funds budgeting and reporting.	* General resources global funds have been phased out, with the exception of emergency programme funds for which there are very clear guidelines.
In collaboration with Information Resources Management (IRM), upgrade information systems in the field and at headquarters to facilitate field data submission, headquarters financial closures, etc.	* New central financial system being developed which: (a) will support integrated budgets, provide greater transparency in reporting and make closures simpler and quicker; (bi) can be used by any location to obtain up-to-date information for decision-making, and assessing resource availability and trends; and (c) will have data being entered by field offices through the Programme Manager System (PROMS). * Interim modifications made to the Global Field Services System to facilitate reconciliation of accounts by providing automatic identification of "exceptions". * Efforts being made by IRM to increase global connectivity. Connectivity and access to wide area data networks, has emerged as a strategic priority for the organization as recommended by several of the management excellence projects and Information Technology (IT) study.
Modify headquarters organization structure to include all accounting functions; all budgeting within the Division of Financial Management.	* Budget-related functions of Programme Statistics Section of Programme Division and the Office of Administrative Management have been transferred to the Division of Financial Management, now known as the Division of Financial and Administrative Management. Programme Statistics Section functions which have been transferred include: budget information in CPRs; biennium budget documents; budget authorization; programme budget control and monitoring; programme budget system, procedures and training on budget process.
Build field capabilities to handle transaction processing and monitoring.	* PROMS being designed to have a strong focus on strengthening transactions processing and monitoring.
Enforce policies concerning reporting use of cash assistance.	* PROMS being designed to include reporting use of cash assistance in order to improve oversight.

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BAH RECOMMENDATIONS	FOLLOW-UP ACTION TO DATE
Information systems	
Generate strategic guidelines IRM; where IRM fits into profile of overall mandate and goals of UNICEF, including concepts of return to investment "What is it worth for UNICEF to have 'Capability X'?".	* IT study identified information as key product to support UNICEF mission. The IT strategy is being updated in light of results of Management Excellence project team recommendations. As a follow-up to IT study, a governance process for prioritizing projects and services is being established to focus limited resources on achieving maximum benefits.
Conduct comprehensive review of IRM mission and business processes.	* IT study proposed establishment of an information management function distinct but linked to the IT function. Interdivisional working group is being established to review this recommendation and make proposals on moving forward.
Undertake programme and organization changes to address improvement opportunities, e.g. new assessment of outsourcing.	* To strengthen global data connectivity, proposals for outsourcing are being sought from commercial companies in conjunction with UNDP and UNFPA. A study to assess these proposals in the context of a telecommunications strategy is to commence September 1996. Separate study to be undertaken in second half 1996 to formulate a disaster recovery approach to UNICEF's data centre and formulate operating procedures.
Implement business process changes to realize improvements in service levels.	* The Help Desk function supporting users at HQ has been reorganized and service levels are being defined.
Review PROMS in terms of scope, costs and senior management support.	* A risk analysis was undertaken for the PROMS project, a new project leader and team is in place, the scope has been redefined, budget for development and roll-out has been revised and development is proceeding towards roll-out in all offices incrementally over 1997.
Re-evaluate migration project for cost/value relationship and business risk.	* The Financial Management System study will lead to decisions on a new financial system with links to PROMS and the human resources Integrated Management Information System. A revised plan can be formulated for migration of any remaining systems off WANG computers.
Supply	
Integrate Supply Division more effectively into the field operations of UNICEF rather than "spinning it off" as an outside, self-financing, quasi-commercial operation.	* Initial proposals from the external study on UNICEF's supply function call for: (a) decentralization of decision-making and accountability for supply issues to the field; (b) enhanced field capacities and expertise in materials management; (c) increased access by field offices to information on global purchasing options and value for money; (d)strengthened Copenhagen capacity to provide expertise to field offices on specification development, manufacturing, costing, standards and quality assurance. * Second study on Inventory Management Systems to produce recommendations/changes to the inventory management system, including logistic flow of planning, order processing, warehousing, packing and shipping, to (a) ensure optimal service to programmes; (b) establish an inventory strategy, including identification of investment costs to Supply Division and the customer; (c) improve response time for both emergency and regular operations; (d) review logistics planning process for incoming and outgoing supplies; (e) establish criteria for holding goods in stock in warehouse; (f) review emergency item stock levels to ensure optimum response; and (g) establish performance standards.
Invest in systems analysis and re-engineering to improve productivity, delivery time and cost-effectiveness; information management will be an important element.	
Develop operating policies aimed at high performance in terms of customer service levels to UNICEF emergencies and UNICEF country organizations before looking outward to broader customer base.	
Institute improved monitoring to provide a continuous "read" on customer satisfaction.	

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Annex (continued)

BAH RECOMMENDATIONS	FOLLOW-UP ACTION TO DATE
Structure	
Introduce an Associate Executive Director to provide internal administrative leadership at the highest level; retain external orientation in the Executive Director position.	* New York Office Management Team, led by one of the Deputy Executive Directors, established in June 1996, with responsibility for effective and efficient operation of headquarters and ensuring cross-functional coordination among New York divisions. Global Management Team, led by the Executive Director, to be established in September 1996 with responsibility for providing leadership and direction to the ongoing implementation and integration of UNICEF activities world-wide. * Two Deputy Executive Directors will support the Executive Director in fulfilling functions of the Executive Office, and will have oversight for division directors in HQ.
Form a Strategy Committee comprised of external class experts for broad counsel on substantive strategic choices.	* The use of flexible teams to capture state-of-the-art knowledge, talent and experience from within UNICEF and externally to become a key mechanism for accomplishing strategic policy development tasks in the future.
Increase priority and accountability of human resources and greeting card business by having them report directly to the Associate Executive Director.	* Human resources strategy to clarify roles and accountabilities for human resources management at all locations in UNICEF. * Waiting for results of external study on profitability of greeting card and product sales prior to instituting changes in reporting structure
Introduce Oversight Group, including Internal Audit as well as "Field Oversight", to ensure integrity in performance data reporting.	* Organizational capacity for quality assurance being developed for setting quality assurance standards in all aspects of work and monitoring mechanisms for assessment of their application. * Office of Internal Audit strengthened by additional financial and human resources for the 1996-1997 biennium, as agreed during the April 1996 session of the Executive Board. * Country representatives to report to regional directors to increase accountability and oversight, as well as establish a more manageable and realistic span of supervision.
Position Field Management Organization as a stand-alone entity, including Countries, Regions, Supply, Emergency, Evaluations and Research, Data and Statistics, and Programme Information.	* Proposal to create Field Management Unit inconsistent with principle of a decentralized organization , with country programme at its core, and with clearly defined roles for headquarters and regional offices, which would add value and not duplicate front-line work of country offices. Proposal inconsistent with streamlining of headquarters functions as it would add an unnecessary bureaucratic layer in the organization with parallel function and workload as regional offices and regional management teams (RMTs). Recommended approach is to strengthen field management through existing field structures.
Rely on Regions to be team leaders, counsellors and quality controllers in the Field Management Unit; empowered to point just short of making country representatives' decisions for them.	* RMTs being established to advise on policies, strategies, human and financial resource allocations; monitor implementation and quality assurance issues; and evaluate regional results and lessons learned. Regions to assume responsibility for clearance of CPRs for Board submission. Country representatives to be supervised by regional directors.
Redeploy geographical sector desk functions to Regions and Field Management group leadership.	* Current functions of geographic desks directly related to supporting country programmes to be transferred to regions, including clearance of CPRs for Board submission. HQ Programme Division to maintain capacity for developing a strategic geographic knowledge base on regional diversity and programme responses. RMTs to advise on policies, strategies, human and financial resource allocations; monitor implementation and quality assurance issues; and evaluate regional results and lessons learned. Country representatives to report to regional directors and participate as members of RMTs.

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BAH RECOMMENDATIONS	FOLLOW-UP ACTION TO DATE
Structure (continued)	
Maintain Programme Policy and Development at headquarters.	* Programme functions carried out in HQ to provide state of the art knowledge on the main business of UNICEF; guide programme policy formulation and strategies that reflect linkages to the UN system and guidance of the Executive Board; and gather and disseminate global experiences and lessons learned from inside and outside UNICEF.
Create a single External Relations Communication Unit.	* Single Communication Division created encompassing Programme Publications and Facts for Life Units and the former Division of Information.
Increase visibility and priority of National Committee management and non-governmental organization (NGO) relations.	* Identification of the Geneva office as the focal point for managing relations with National Committees. Further work being carried out on defining specific functions, work processes and instruments to manage the relationship effectively. * Responsibility for managing global relationships with NGOs to be incorporated within Programme Division.
Increase effectiveness of finance and information systems as a consequence of more focused group portfolio.	* Follow-up to external studies on finance and information management to focus on developing more effective and transparent financial system, along with an IT strategy that leverages and supports UNICEF's policy business needs.
Accountability and cost-effectiveness	
Through leadership, role-modeling, training and reinforcement, shape the UNICEF culture into one in which accountability is clearer and taken seriously.	* Standards for individual identified in Guiding Principles for Staff Commitments and Conduct adopted by the Management Excellence Steering Committee in January 1996, including the principle that "we pledge to make responsible use of UNICEF resources, knowing we are entrusted as custodians to safeguard them and use them widely". Work being done by staff advisory councils, together with the Division of Human Resources, to ensure that these standards and principles are integrated into UNICEF work practices. * Strengthened audit function in HQ will monitor organization-wide implementation of Guiding Principles for Staff Commitments and Conduct, for the creation of new principle-based value system change in UNICEF. * Team being established to advise on how to make quality assurance an integral part of every office's functions, identify priorities for establishing standards that staff will be held accountable for, look at best practices externally, and prepare a road map for action. Standards to be established not only for results for children, but also to work processes and behaviours.
Empower auditors and Oversight Unit to monitor accountability, but depend even more on impact of overall "value system change".	
Principles of accountability apply to cost-effectiveness. As stewards of funds for children, all staff must assume accountability for prudent management of that trust.	
Ensure that accountability principles are enforced by process for appraisal, promotion and reward. Separate out personnel who are unable to honour that trust at any level.	* Human resources strategy to introduce assessment mechanisms and indicators for effective management including the assessment of supervisors, team and self assessment. New approaches to handle separation of staff performing below par will also be introduced.
Programming	
Focus headquarters technical advisers on maintaining expertise and developing policies.	* Role of HQ to provide overall policy guidance that reflects linkages to UN system and guidance of Executive Board, with responsibility for strategic planning and oversight for the organization as a whole. Programme functions carried out in HQ to provide leadership in providing state-of-the-art knowledge on the main business of UNICEF; guide programme policy formulation and strategies; and gather and disseminate global experiences and lessons learned from inside and outside UNICEF.
Increase priority and urgency at International Child Development Centre; integrate into strategic planning process.	* Currently being considered under overall review of knowledge acquisition functions in headquarters locations.

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Annex (continued)

BAH RECOMMENDATIONS	FOLLOW-UP ACTION TO DATE
Programming (continued)	
Technical advisers do not manage field priorities; this to be done by Field Management organization.	* More strategic approach to role for HQ technical advisers being sought with operational focus being maintained in country and HQ technical advisers concentrating more appropriately on building and managing knowledge of the organization and guiding the application of policies.
Introduce more checks on country representative accountability through Field Management organization, including Regions and Oversight group, including Internal Audit.	* Country representatives to report to regional directors to increase accountability and oversight, as well as establish a more manageable and realistic span of supervision. * Regions to be made responsible for development and clearance of Board submissions of CPRs which will increase oversight and quality assurance. * Strengthen audit and evaluation functions in HQ will also enhance oversight of organizational-wide performance. * PROMS designed to contain facility for holding representatives accountable for resource allocation decisions which can easily be identified by regional offices and HQ.
Shorten the country programme planning process; reduce cost and increase timeliness.	* Responsibility for development and clearance of CPRs for Board submission to be transferred from headquarters geographic desks to regions, which will simplify and shorten the overall process, reduce costs and increase timeliness.
Increase mid-programme flexibility through the proactive use of mid-term and annual reviews.	* Country programme management planning process currently being redefined, including standards for annual management reviews. * Country office management teams responsible for ongoing assessment of country programme performance and management of country programme plans and objectives. Regional offices responsible for oversight of country office performance.
Consider conducting programme plans more than once every five years.	* PROMS designed as management tool for programme/project planning which facilitates regular revision of programme plans in line with country needs.
Consolidate monitoring (data gathering) functions of all headquarters units.	* Review of Programme Group functions and work process redesign to take place, including monitoring and programme data activities in order to streamline monitoring functions and limit frequency of requests to field offices.
Develop monitoring formats which acknowledge the operating complexities of UNICEF's work, including the inputs of Governments and NGOs affecting results.	*PROMS has programme assistance component which records UNICEF cash assistance to Governments and NGOs for monitoring purposes. Possibility of including activities and inputs not funded from the UNICEF budget can be included in project workplanning and reporting components of PROMS. This includes Government and NGO inputs into joint programmes and projects.
Rely on regions to bring new value, "checks and balances" to country evaluation process.	* RMTs being established to evaluate regional results and lessons learned. * Country representatives to report to regional directors to increase accountability and oversight, as well as establish a more manageable and realistic span of supervision.
Continue building "lessons learned" database and build field use.	* Evaluation database, which includes summary of evaluation results and lessons learned, distributed organization-wide on CD-ROM. Field offices are accountable for ongoing data entry of lessons learned from evaluations and studies undertaken. Evaluation database being considered for incorporation into PROMS. Information management function being strengthened as a generic function of all UNICEF offices.

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BAH RECOMMENDATIONS	FOLLOW-UP ACTION TO DATE
Global goals	
Introduce a collaborative process for goals definition on an ongoing basis; regions to coordinate country inputs for dialogue with headquarters.	* Centrality of the country programme is basic principle of the UNICEF structure to ensure management of diversity within a global framework and responsiveness to the environment. Country situation analysis to drive process of defining priority strategies of country programme. * Management teams being established at global, regional and country locations to advise on global and regional programme directions, goals definition and strategic planning.
Derive target levels based on analysis of technical possibilities and "best case" examples available.	
Set differential target levels from the start to recognize different country starting points, rather than requiring a special concessions process.	
Eliminate use of global funds (Programme Funds for the 1990s Goals) for headquarters staff .	* Superseded as general resources global funds have been phased out with the exception of emergency programme funds. Existing Emergency Programme Fund guidelines are being re-examined to take into account (a) need for resourcing of global emergency needs in the fields of coordination, security, communication and information, and other issues, and (b) rationalizing disbursement procedures.
Articulate clear principles for global funds allocation to field offices and implement in a transparent way.	
Require explicit reporting on the use of global funds allocations toward goals objectives.	
Human resources	
Focus attention on resolving distress level; restore integrity to key human resources process.	* Key human resources processes have undergone work process redesign resulting in accelerated handling of entitlement processing, recruitment , placement and separation processes. Policy review based on criteria that human resources processes must be equitable, predictable, comprehensive, merit and performance-linked, transparent and responsive. * Human resources strategy includes transformation of the Division of Personnel to a strategic function and the identification of roles, accountabilities and competencies for human resources management at all locations in UNICEF.
Minimize redefinition of posts.	* The new integrated budget procedure allows for careful review of posts during country programme preparation and adjustments during mid-term reviews. This will reduce ongoing post redefinition.
Revise rotation policy; limit required relocations; where required, enforce with few special concessions.	* New human resources strategy includes the enforcement of rotation of international staff and introduction of a form of rotation for locally-recruited staff. Locally-managed project staff not subject to rotation.
Simplify international Professional recruiting process; minimize senior interventions.	* New human resources strategy includes reformulated policies and work processes for recruitment, placement, promotion, rotation and separation of staff.
Decouple merit recognition from post advancement process.	* New human resources strategy includes the proposal of delinking of post grade from personal grade to allow recognition of merit and greater flexibility in staff deployment.

Annex (continued)

BAH RECOMMENDATIONS	FOLLOW-UP ACTION TO DATE
Human resources (continued)	
Implement thorough evaluation process for all staff; develop means to handle non-performers.	* Improvements are being made in the performance evaluation and review process, and experimentation is taking place with new types of appraisal such as 360 degree assessment, team assessment and self-assessment. * Policies being reviewed for sanctions and rewards systems, including the introduction of new approaches to handle separation of staff performing below par through appraisal process and separation schemes.
Clearly articulate staff development opportunities and"how-tos" for advancement, particularly for General Service staff.	* Introduction of Associate Professional scheme similar to Junior Professional Officer scheme, but to promote the entry into Professional level posts of highly qualified General Service staff, national officers and suitable external candidates.
Link training programmes to needed staff skills.	* Implementation of a system of career management in UNICEF includes the linking of training and staff development to identified career paths and to contractual status. * New human resources strategy includes the development of competencies, courses and tools for leadership, programme management development, people skills, work process redesign and working in teams.
Update personnel policies manual; assess entitlement processing demands, and re-evaluate staffing as needed.	* Revised personnel policies manual now competed which will ensure field access to up-to-date human resources regulations and processes. * Handling of entitlement processing has been accelerated through work process redesign. * New human resources strategy includes definition of core competencies for human resources management, operations and programme (skills, knowledge, experience, personal attributes) required for UNICEF's mandate in the year 2000 to ensure that these competencies are available and rewarded through appropriate recruitment, development and assessment .

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BAH RECOMMENDATIONS	FOLLOW-UP ACTION TO DATE
Information and Communication	
Integrate activities; instill focal leadership in a single organization unit.	* As part of the BAH follow up, the Programme Publications and Facts for Life Units have now been incorporated within the Division of Public Information, now known as the Division of Communication.
Create communication strategy guidelines drawn from UNICEF core mission and goals.	
Restructure resources to facilitate coordination and internal support and coherence; simplify processes; fortify publication review process.	* A working group, led by one of the Deputy Executive Directors, undertook a comprehensive examination of UNICEF processes for reviewing publications and cost-effectiveness issues. The results of this exercise were reflected in the 1996/1997 budget for publications. In addition, actions are currently being undertaken to create a Publications Review Committee.
Ensure New York/Geneva operational cooperation and harmony.	
Invest selectively in field effectiveness analysis, including survey of editors and journalists, at least once every two years.	
Apply cost-effectiveness criteria to media and editorial spending decisions; monitor funds, production costs, staff time; develop actions plans by audience segment.	
Introduce effective budgeting process and meaningful measurement process for communication results.	
Help launch proactive programme for supervising external relations activities of National Committees.	*The Division of Information has undertaken opinion/market research projects with National Committees and is developing proposals for an enhanced audience research function including methodologies for assessing impact of information activities.
Fund-raising	
Introduce more effective "traffic control" of country representatives to donor capitals.	* Country representatives to report to regional directors to increase accountability and oversight, as well as establish a more manageable and realistic span of supervision. Regional directors currently approve all requests for country representatives to travel outside of duty station. * Administrative instruction issued requesting representatives not to travel to donor capitals without proper authorization.
Investigate potential improvements in supplemental donation processing through joint development with donors of universal standards.	* Efforts under way to improve process of negotiation for supplementary funds with donors.

Annex (continued)

BAH RECOMMENDATIONS	FOLLOW-UP ACTION TO DATE
Fund-raising (continued)	
Separate greeting card business and private sector fund-raising units; put qualified experience, know-how into each function.	* External study on the profitability of greeting card and product sales currently under way. The results of the study will be the basis for formulating a business plan to maximize income from the sale of cards and products, and recommend marketing strategies, structures and processes to improve business practices. * New Director of GCO recruited with qualified experience in private sector marketing, to assume position 1 September 1996.
Dedicate efforts to turn-around of greeting card business, including focused efforts on high sales potential markets; streamlined design selection; improved inventory management; and revised approaches to spurring creative market development.	
Consider opportunities to expand product offerings substantially to include items such as novelty items, toys, etc., with the aid of marketing and retailing experts (avoid tax "pitfalls").	
Examine opportunities to reduce costs of private sector fund-raising; consider National Committee commissions and other cost items.	* Identification of the Geneva office as the focal point for managing relations with National Committees. Further work being carried out on defining specific functions, work processes and instruments to manage the relationship effectively.
Manage National Committees more proactively through (newly strengthened) External Relations manager.	
Modify and manage National Committee commissions and costs over time.	

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BAH RECOMMENDATIONS	FOLLOW-UP ACTION TO DATE
NGOs and other agencies	
Increase commitment to working with partners to better leverage UNICEF skills and resources.	* Responsibility for global knowledge acquisition on civil society and for global relations with civil society organizations consolidated within the Programme Division.
Promote this priority from the most senior levels in the organization	* New model Project Cooperation Agreement between UNICEF and NGOs issued in January 1996, guidelines for NGO selection are currently being prepared.
Implement changes in daily country operations, such as including relevant NGOs in the programme planning process.	* Strategies and priorities have been identified for implementing changes to global, regional and country operations based on consultations with country offices and NGOs.
Governance	
Make conscious decision to launch a "new era" of support, collaboration, transparency and accountability between Board and secretariat.	* Small team of secretariat staff , under the leadership of a Deputy Director, has been established by Executive Director to work with members of the Executive Board in determining ways in which cooperation between the secretariat and the Executive Board can be further strengthened in meeting the challenges ahead.
Review and redefine roles; Board priorities are policy, strategy and oversight; secretariat priorities are strategy and effective management.	
Develop basic strategy plan as key to dialogue.	
Use meeting agenda as the "lever" which focuses the Board on most important issues; consider agenda planning on annual cycle.	

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FOR INFORMATION

REPORT TO THE UNITED NATIONS BOARD OF AUDITORS AND THE ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS

SUMMARY

The present document reports on the steps taken or to be taken in response to the recommendations of the Board of Auditors on the UNICEF accounts for the biennium 1994-1995. It also presents the follow-up actions that were taken in response to specific recommendations of the Board of Auditors on the UNICEF accounts for the biennium 1992-1993.

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* E/ICEF/1996/18.

I. INTRODUCTION

1. As an ongoing practice, UNICEF has been submitting a report to the General Assembly, through the Advisory Committee on Administrative and Budgetary Questions, to advise the Assembly as to the measures that the organization will take to implement the recommendations of the United Nations Board of Auditors.

2. The present report reviews the implementation by UNICEF of the recommendations of the Board of Auditors in its report on the UNICEF accounts for the biennium 1994-1995. The report also discusses the status of the implementation of the recommendations of the Board of Auditors on the accounts for the biennium 1992-1993.

3. The present document is submitted to the Board of Auditors and the Advisory Committee on Administrative and Budgetary Questions for their evaluation.

II. PROGRESS REPORT ON SPECIFIC STEPS TAKEN TO IMPLEMENT THE RECOMMENDATIONS OF THE BOARD OF AUDITORS ON THE UNICEF ACCOUNTS FOR THE BIENNIUM 1994-1995

4. This chapter describes the steps taken or to be taken by UNICEF in response to the recommendations of the Board of Auditors on its accounts for the biennium 1994-1995.

Recommendation No. 1

5. The policy of recording cash assistance to Governments as programme expenditure at the time the funds are advanced should be reviewed for consistency with the definition of programme expenditure in UNICEF financial regulations and programme management procedures.

Measures taken by UNICEF

6. The Comptroller, the Director of Programme Division, the Director of the Office of Internal Audit and the Deputy Director of Accounts have started discussions on the subject and further meetings will be held to ensure thorough understanding of all aspects of the issue. The results of these discussions will be shared with the Board of Auditors during its next audits.

Recommendation No. 2

7. UNICEF should establish a reserve for its doubtful contributions receivable to ensure an accurate disclosure of its realizable assets.

Measures taken by UNICEF

8. The secretariat will, once more, review the recommendation of the Board of Auditors in the light of the status of long-outstanding receivables in the biennium 1996-1997. If warranted, the necessary steps to ensure that the organization's assets are presented at their realizable value will be taken before the end of the present biennium.

Recommendation No. 3

9. The declining liquidity of UNICEF suggests the need for a reversal of the deliberate strategy of setting expenditure levels higher than income.

Measures taken by UNICEF

10. The secretariat will review regularly the liquidity position of UNICEF to ensure availability of resources to meet commitments as they fall due. Further, the secretariat will continue to monitor regularly expenditure levels so that appropriate action can be taken as may be required.

Recommendation No. 4

11. Headquarters should strengthen its monitoring of the operation of internal control systems in field offices through prompt and effective investigation of indications of mismanagement.

Measures taken by UNICEF

12. The secretariat has taken a number of steps to address the concern:

(a) To increase senior staff members' awareness and understanding of financial accountability, training sessions are being held with the participation of country office representatives. These sessions include discussions on financial management, accountability and internal controls, as well as the respective roles of staff in these matters;

(b) Where there are indications of mismanagement in internal audit reports, these are highlighted in the Internal Audit Committee's meetings for the necessary follow-up;

(c) Any indications of mismanagement are investigated either by the office itself, the regional office or the Office of Internal Audit, as appropriate.

Recommendation No. 5

13. Responsiveness to internal audit findings and recommendations may be further improved as follows:

(a) The Internal Audit Committee should promptly evaluate and resolve any disagreements over audit findings and establish a time frame for the implementation of their recommendations;

(b) Regional Directors' reports on the implementation of internal audit recommendations should be presented in a uniform format and be monitored at headquarters by a designated officer.

Measures taken by UNICEF

14. The secretariat is now monitoring the implementation of internal audit recommendations in a more systematic and structured manner. The audited office, and offices other than the one subject to the audit but which also may be

required to take action on the recommendations, must provide updates on the status of the recommendations. The Office of Internal Audit then assesses the updates and provides the necessary feedback to the offices concerned. The process is completed only when implementation is deemed to be at a satisfactory level.

Recommendation No. 6

15. UNICEF should improve further the accuracy of its income projections for unfunded supplementary programmes through more realistic budgeting and fund-raising strategies.

Measures taken by UNICEF

16. The medium-term plan's income projections are the result of extensive interactions between the donor community and UNICEF. Since 1990, the average variance between planned and actual income has been -4 per cent for general resources and +12 per cent for supplementary funds. In 1995, the variances were -11 per cent for general resources and +7 per cent for supplementary funds. While there is a growing level of uncertainty in the current funding environment, the secretariat agrees that increased accuracy is desirable and will continue to strive towards this end.

Recommendation No. 7

17. The procedures for allocating general resources to country programmes should be reviewed to enhance comparability of data, eligibility for assistance and the determination of cut-off and exit criteria.

Measures taken by UNICEF

18. The secretariat is reviewing the criteria and procedures for the allocation of general resources to country programmes and a discussion paper will be submitted to the Executive Board at its third regular session of 1996. The paper suggests maintaining the three core criteria that currently are used, i.e., child population, per capita gross national product and under-five mortality rate, and proposes two important improvements and modifications. These are (a) changing the weighting of the indicators and (b) introducing a two-step approach to general resource allocations. The paper addresses the issues raised by the auditors in their recommendations and changes will be implemented, based on the Executive Board's guidance at its third regular session of 1996.

Recommendation No. 8

19. UNICEF should undertake collaborative studies in selected programme sectors to determine the level of achievement of the decade goals, sustainability of programmes and national capacity-building.

Measures taken by UNICEF

20. The progress of country programmes towards the mid-decade and end-decade goals is being monitored and evaluated with support from headquarters and regional offices. To prepare for the Secretary General's report to the General Assembly on progress by mid-decade, information on all mid-decade and end-decade

goals has been collected and a report has been prepared which includes comments and contributions from other United Nations agencies.

21. UNICEF has developed a system of multiple indicator cluster surveys which are being used as a means of monitoring progress, building national capacity and evaluating the impact of goal-related efforts. A major evaluation of sustainability of programmes in relation to immunization has been undertaken.

22. Issues of national capacity-building and sustainability are recognized as important components of country programmes and are areas of critical concern in all sectoral and thematic evaluations. The newly constituted Office of Evaluation, Policies and Planning, together with the Programme Division, will specifically address these issues.

Recommendation No. 9

23. Instead of using the exchange rates available at specific periods of time as the basis for forecasting budgetary requirements, UNICEF should consider adopting an appropriate averaging method to obtain more accurate projections.

Measures taken by UNICEF

24. The methodology of calculating budgets is on the agenda of the United Nations Development Programme (UNDP)/United Nations Population Fund/UNICEF group on the harmonization of budgets. The recommendation of the Board of Auditors will be included in the joint proposal to be submitted to the Executive Board at its first regular session of 1997. Until the opinion of the Executive Board has been obtained, the secretariat will prepare the budget using the United Nations rates of exchange prevailing most proximate to the budget approval, as recommended by the Advisory Committee on Administrative and Budgetary Questions.

Recommendation No. 10

25. In the design of the integrated system, a clear link should be established between administrative costs and country programme costs to achieve proper balance in resource allocations.

Measures taken by UNICEF

26. Experience to date indicates that the integrated budget process supports and highlights the establishment of a closer link between the country programme and its administrative support structure. The secretariat will continuously look into possible refinements of the process, especially taking note of the constraints in establishing a standard ratio for global application when the integrated budget process is fully implemented.

Recommendation No. 11

27. Further measures should be taken to improve sales forecasting and to reduce over-ordering of products in order to keep unsold stocks to a minimum.

Measures taken by UNICEF

28. A consulting firm is currently undertaking a review of the UNICEF card and product sales business. The review will include a high-level overview of business processes for forecasting, production and logistics systems with

comparison to "best practices" in the industry. The output of the study will also include a summary gap analysis.

29. Further, in consideration of the critical concerns regarding inventory management, the secretariat proposed a Geneva-based post which reports directly to the Chief of Market Development. At its 1996 annual session, the Executive Board approved this post and recruitment will be undertaken when the new Director of the Greeting Card and related Operations (GCO) assumes his post in September 1996.

III. PROGRESS REPORT REGARDING SPECIFIC MEASURES TAKEN TO IMPLEMENT RECOMMENDATIONS OF THE BOARD OF AUDITORS ON THE UNICEF ACCOUNTS FOR THE BIENNIUM 1992-1993

30. After its last audit, the Board of Auditors indicated that follow-up action still needs to be undertaken on seven recommendations included in its report on the audit of the accounts for the biennium 1992-1993.

31. The Board of Auditors noted that its recommendation [9(h)] pertaining to the need for field offices to review all cash assistance to Governments and to submit proposals for write-off is being implemented. Also, see paragraph 6 above.

32. On the specific recommendation [9(i)] pertaining to the need to expedite the reporting by UNICEF headquarters of remittances received on behalf of GCO, the Board noted that there has been significant improvement and that the reporting of receivables is no longer delayed.

Recommendation No. 9(a)

33. The reporting procedures of the common premises project should be reviewed to ensure periodic apportionment of costs to participating organizations for disclosure in their accounts and to facilitate reimbursement to the primary funding organization.

Measures taken by UNICEF

34. In response to the external auditors' observation on the subject and in view of its own concern over the matter, the secretariat has continuously followed up with UNDP to resolve pending matters. While UNDP has not yet provided UNICEF with the necessary documentation to substantiate the billed amounts, it has engaged the services of an accounting firm to review the accounts and to submit a report thereon by end-July 1996.

35. The secretariat will review the report as soon as it is available and will take action as may be necessary.

Recommendation No. 9(b)

36. The administration may wish to re-examine the present policy on the utilization of the Emergency Programme Fund (EPF), given the limitations of the Central Emergency Revolving Fund, and make recommendations to the Executive Board on the effective use of EPF to strengthen the emergency readiness of UNICEF.

Measures taken by UNICEF

37. At its 1996 annual session, the Executive Board requested that the recommendations on the utilization of the emergency funds be presented at its first regular session of 1997. The work is in progress and will be finalized by October 1996.

38. In addition to the ongoing review of the utilization of emergency funds, the secretariat is undertaking the following activities: (a) additional training for the Rapid Response Team is scheduled for September 1996; (ii) ongoing negotiations for stand-by arrangements with selected donor Governments; and (c) preparation of policy papers on child protection, reunification and psycho-social trauma.

Recommendation No. 9(c)

39. The use of special service agreements (SSAs) as a conduit for the engagement of short-term personnel to perform regular staff functions should be discontinued.

Measures taken by UNICEF

40. The Division to which the recommendation pertains has exerted its best efforts to implement the auditors' recommendation. In the two cases when SSAs had to be issued for short-term personnel to perform regular staff functions, the Division had fully assessed the situation and had taken the only options available at that time.

Recommendation No. 9(d)

41. UNICEF special agreements with the recipients of procurement services should be reviewed to include penalties for reimbursements that are delayed beyond a maximum agreed period.

Measures taken by UNICEF

42. The significant problems with one major procurement services client from late 1994 to late 1995 were mainly due to the staffing problem on the part of the client. After a concerted effort in this area on the part of UNICEF, the remittance process is again working smoothly.

43. A request for interest due on the delinquent payments of 1995 was sent on 30 May 1996 and the first follow-up was made in mid-July. Subsequent follow-up will be made if necessary.

Recommendation No. 9(e)

44. To bring operating costs down, the proposed expenditures on salaries and allowances of the staff of the new company providing the workforce to the UNICEF Supply Division warehouse should be reviewed.

Measures taken by UNICEF

45. The number of manual workers has been reduced from 85 to 31 and further reductions at the supervisory level and of the administrative costs are under

negotiation. It is anticipated that the overall savings will be about $1.04 million annually. The absenteeism rate among the workforce has improved markedly and is now well below the national average and the flexibility of the workforce is greatly improved. It is expected that the savings will become more apparent in 1997.

Recommendation No. 9(f)

46. The clean-up of the staff personal accounts should be expedited to assure integrity of this account.

Measures taken by UNICEF

47. The individual statements have been issued for international Professional staff in the West Africa Region and for Supply Division as well as for the staff of some divisions in New York. The issuance of statements to all staff in New York will be completed by November 1996 and the issuance of statements to all international Professional staff in the offices in Europe, the Middle East and North Africa and Eastern and Southern Africa will be completed by December 1996.

48. The review of the large and/or negative balances noted by the external auditors will take place prior to the scheduled issuance of the statements.

Recommendation No. 9(g)

49. Competitiveness in the hiring of freight forwarders should be improved to ensure transparency and value for money in shipping activities.

Measures taken by UNICEF

50. To improve the transparency of the process, requests for proposals for freight forward services are now being invited. At the same time, a review of the possible reorganization of the Shipping Section to ensure improved service and to achieve value for money is underway. This review will consider a structure with a regional focus and the rationalization of freight forwarders in relation to the country of destination rather than to the country of origin of the goods.

IV. RECOMMENDATIONS THAT WOULD REQUIRE ACTION BY THE GENERAL ASSEMBLY

51. The administration does not see any recommendation of the Board of Auditors that would require action by the General Assembly.